



A Quick Guide to Repaying Federal Student Loans

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A. First Steps

1. Create an account through studentaid.gov.
2. Create an account through your loan servicer
 - i. Loan servicers will contact you via email or mail throughout pharmacy school and post-graduation.
 - ii. The Federal government uses loan servicers to provide federal student loan support on behalf of the government at no cost.
 - iii. The U.S. Department of Education's office of Federal Student Aid manages your student loan records and oversees the work done.
 - iv. Making loan payments, understanding which repayment plan you're on, and any support will be all be provided through the loan servicer.

B. Federal Repayment Plan Options

Fixed Payment Repayment Plan

Monthly payment is an amount that will pay off your loan entirely after a set number of years.

- a. Includes any interest that accrues
- b. Monthly payment amount stays the same unless your principal balance changes.

Income- Driven Repayment Plan (IDR)

Monthly payment based on your income and family size, and what you owe after a set number of years can be forgiven.

- a. Lower monthly payment plan
- b. SAVE Plan is the newest version that provides the lowest monthly payments.

Learn more and compare repayment plan options at <https://studentaid.gov/manage-loans/repayment/plans>

C. When to Repay Your Loans

- a. Once you graduate, drop below half-time enrollment, or leave school, your federal student loan goes into repayment.
- b. If you have a Direct Subsidized, Direct Unsubsidized, or Federal Family Education Loan, you have a six-month grace period before you are required to begin making regular payments.
- c. You'll have a nine-month grace period if you've got a Perkins Loan.
- d. If you're a graduate and professional student PLUS borrower, you will be placed on an automatic deferment while in school and for six months after graduating, leaving school, or dropping below half-time enrollment.

- e. When your loan enters repayment, your servicer will automatically place you on the Standard Repayment Plan. You can request a different repayment plan at any time.

D. How to Pay Your Loans

- a. Enroll into a Repayment Plan
 - i. Fixed repayment plan
 - 1. Contact your loan servicer
 - ii. Income-drive repayment plan
 - 1. Online IDR application through studentaid.gov website
 - a. <https://studentaid.gov/idr/>
 - iii. In general, if you don't choose a repayment plan, your loan servicer will place you on the Standard Repayment Plan
 - 1. Repay loan(s) over ten years.
 - 2. Monthly payments are based on 10-year schedule and not based on your income or ability to pay.
 - 3. Likely higher payments than an IDR plan
- b. Make Payments
 - i. All federal loan payments are completed through your loan servicer.
 - ii. Missing a payment has consequences, including becoming delinquent (late) and eventually defaulting on your debt.
 - iii. If you can afford your monthly payments, enroll in auto pay to avoid consequences and earn a discount through a lower interest rate.
- c. Overall
 - i. You can pick from repayment plans that base your monthly payment on your income or plans that give you a fixed monthly payment.
 - ii. Repayment plans based on your income are a smart choice to lower your payment (the Saving on a Valuable Education (SAVE) Plan is no more than 10% of your discretionary income). The lower your income—or the larger your family size—the less you'll pay per month.
 - iii. If you don't pick a repayment plan, your loan servicer will place you on the Standard Repayment Plan (a 10-year fixed repayment plan). This plan may result in a higher monthly payment for you.
 - iv. Student loan repayment options from Federal Student Aid:
<https://www.youtube.com/watch?v=NgsOCvY-Pml>

E. Federal Loan Forgiveness Options

- a. There are several loan forgiveness options, but most programs have strict eligibility requirements.
- b. You may make prepayments while you are in school or during your grace period, however, these payments will NOT count as qualifying payments in loan forgiveness programs.
- c. Types:
 - i. Public Service Loan Forgiveness (PSLF)
 - 1. Employment through eligible government and nonprofit employers
 - 2. Must make 120 eligible payments before eligible for loan forgiveness.
 - ii. Teacher Loan Forgiveness
 - 1. Eligible teaching jobs
 - iii. Income-driven repayment (IDR) forgiveness
 - 1. Repay loans on an IDR plan
 - iv. Total and permanent disability discharge
 - 1. Disability that severely limits their ability to work

F. Other Considerations

- a. Loan consolidation
 - i. If you consolidate your loans during your grace period, you give up the remainder of your grace period and begin repayment after your Direct Consolidation Loan is processed (unless you request to have the processing of your consolidation loan delayed until closer to the end of your grace period).
- b. Refinancing federal loans into private loans
 - i. The following are some examples of benefits that you may lose if you refinance your federal student loan into a private student loan:
 - 1. Access to temporary loan payment relief through approved periods (deferment or forbearance)
 - 2. No interest accumulation on subsidized student loans during periods when payments are deferred
 - 3. Access to repayment plans based on your income
 - 4. Access to various forms of loan forgiveness and discharge
- c. Additional tips & checklist available at: <https://studentaid.gov/resources/loan-repayment-checklist>

Additional Resources:

- [Student Aid Government Website](#)
- ASHP Podcasts
 - [Navigating Student Loans](#)
 - [When, Why, and How to Prepare for Retirement](#)
 - [How to Invest in Your Future](#)
 - Invest in Yourself: Raising Personal Financial Literacy
 - [Part 1](#)
 - [Part 2](#)
 - [Part 3](#)
- [Retirement Plans](#)
- [Seven Financial Steps for Young Professions](#)
- [Guide to Buying Life Insurance at Different Life Stages](#)
- Check out the [ASHP New Practitioner Resource Center](#) for an updated list of tools and resources relevant to new practitioners.

For questions regarding this document, please contact newpractitioners@ashp.org

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